

## FRANCHISE DISCLOSURE DOCUMENT



**Duck Donuts Franchising Company, LLC**  
A Delaware Limited Liability Company  
2012 Mountain Pine Drive  
Mechanicsburg, PA 17050

1-866-534-4882  
duckdonuts.com  
admin@duckdonuts.com

Duck Donuts Franchising Company, LLC offers franchises the right to operate a retail business offering fresh made to order donuts prepared on the premises and other authorized products under the trademark DUCK DONUTS.

The total investment necessary to begin operation of a Duck Donuts franchise is \$130,850 - \$324,000. This includes \$25,000 initial franchise fee that must be paid to the Franchisor and may include option fees if you elect and are approved for single unit or multi-unit options.

Qualified individuals who desire to open one additional Duck Donuts franchise may, in addition to executing our Franchise Agreement and payment of our Initial Franchise Fee, execute a Single Unit Option Agreement at which time a Single Unit Option fee of \$5,000 is due. The initial franchise fee for the additional Duck Donuts franchise developed under the Single Unit Option Agreement is our then-current Initial Franchise Fee less your Single Unit Option fee and less another \$5,000. The option must be executed within one year of the execution of the Single Unit Option Agreement by signing our then-current Franchise Agreement and payment of the balance of the then-current Initial Franchise Fee as described above.

Duck Donuts also offers qualified individuals who desire to open two additional Duck Donuts franchises the opportunity to execute, in addition to executing our Franchise Agreement and payment of our Initial Franchise Fee, a Multi-Unit Option Agreement at which time a Multi-Unit Option fee of \$15,000 is due. The initial franchise fee for each additional Duck Donuts franchises developed under the Multi-Unit Option Agreement is our then-current Initial Franchise Fee less \$10,000 for the second Duck Donuts franchise and less \$15,000 for the third. The options must be executed within two years of the execution of the Multi-Unit Option Agreement by signing our then-current Franchise Agreement and payment of the respective initial franchise fees as described above.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Duck Donuts Franchising Company LLC at 2012 Mountain Pine Drive, Mechanicsburg, Pennsylvania 17050, 1-866-534-4882, admin@duckdonuts.com.

The terms of your Franchise Agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your Franchise Agreement. Read all of your Franchise

Agreement carefully. Show your Franchise Agreement and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for more information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

The issuance date of this Disclosure Document is January 17, 2013.

## STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit C for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT STATES THAT PENNSYLVANIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. SOME STATE FRANCHISE LAWS PROVIDE THAT CHOICE OF LAW PROVISIONS ARE VOID OR SUPERSEDED. YOU MAY WANT TO INVESTIGATE WHETHER YOU ARE PROTECTED BY A STATE FRANCHISE LAW. YOU SHOULD REVIEW ANY ADDENDA OR RIDERS ATTACHED TO THIS DISCLOSURE DOCUMENT FOR DISCLOSURES REGARDING STATE FRANCHISE LAWS.
2. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION AND MEDIATION ONLY IN PENNSYLVANIA, EXCEPT AS DESCRIBED IN THE STATE ADDENDUMS. OUT OF STATE ARBITRATION AND MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE OR MEDIATE WITH DUCK DONUTS IN PENNSYLVANIA THAN IN YOUR STATE. THE FRANCHISE AGREEMENT STATES THAT ANY SUIT BROUGHT BY EITHER PARTY, EXCEPT CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION, MUST BE INITIATED IN CUMBERLAND COUNTY, PENNSYLVANIA.
3. THE FRANCHISE AGREEMENT PROHIBITS YOU FROM BEING INVOLVED WITH A COMPETING BUSINESS DURING THE TERM OF THE AGREEMENT AND FOR 2 YEARS AFTER THE TERM EXPIRES IF THE COMPETING BUSINESS IS WITHIN A RADIUS OF 10 MILES OF ANY DUCK DONUTS FRANCHISE OR COMPANY/AFFILIATE-OWNED UNIT.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

EFFECTIVE DATES:

This Disclosure Document is not yet effective in any states.

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